

**Whether, he will state if his attention has been drawn to alleged disturbing circumstances surrounding the decision taken by the Sugar Insurance Fund board to purchase 6 arpents of agricultural land, for the sum of Rs 18 m per arpent, exclusive taxes, fees and commissions, and if so, state of consideration will be given for the widening of the terms of reference of the Fact Finding Committee set up, inter-alia, to examine the report of the operations manager of the Sugar Insurance Board in respect of crop year 2017 to include examining the above mention matter?**

**Madam Speaker**

The decision of insuring the Mauritian sugar cane against the weather, one of long standing, became a reality when cyclone-damage in 1945 precipitated matters at governmental level, and at the local Chamber of Agriculture. The very next year saw the formal establishment, in October, of a Cyclone and Drought Insurance Fund through Ordinance No 53 of 1946.

**Section 3 of the Sugar Insurance Fund Act** provides for the establishment of the fund and the objects of the funds are:

(i) to insure the sugar industry against loss due to cyclones, drought, excessive rainfall or fire; and

(ii) insure the refiners authorized by the Syndicate to optimize value added for the whole of the sugar industry through the production of refined sugar against loss due to cyclones, drought or excessive rainfall; and

(iii) to carry out such activities relating to agricultural or insurance as the Board may determine.

(iv) The Board may enter into an insurance contract with a refiner in respect of the production of refined sugar.

**Section 10 of the Act** provides for an investment committee which is presided by the Chairman of the Board and consists of –

- (a) an ex-officio member who shall be the Deputy-Chairman;
- (b) a representative of Chamber of Agriculture; and
- (c) one other member to be elected by the Board for such term of office as the Board may determine.

Decisions of the Committee shall be taken by a majority of the members present and voting at that meeting and, in the event of an equality of votes, the Chairman shall have a casting vote.

The quorum of the committee shall be 3.

**Section 17 of the Act** empowers the Board to invest any money forming part of the asset of the Fund which is not required to meet the liabilities of the fund.

### **Madam Speaker**

With a view to establishing a more balanced investment portfolio, the board deemed it appropriate to invest in properties as investments in other assets were not yielding adequate return.

On the other hand income derived from premium has reduced substantially i.e around 50% and was waived on two occasions for the crop 2014 and 2015 to alleviate financial burdens of the producers.

Accordingly, investment in high return assets was deemed to be the most appropriate investment strategy for the SIFB. It is to be noted that the latter has invested in property since 1974.

The SIFB Board has, at its meeting of 28 February 2018, decided that the proceeds of Rs35M from Government for the compulsory acquisition of the sub offices of Pamplermousses and Souillac be invested in the purchase of land.

In that respect, SIFB started looking for land availability from private sector in the region of Ebene and Trianon. SIFB was informed that Elova

properties Ltd was selling land in the region. Contact was made with the company and proposal was received for 6 acres of land at MUR 18,000,000 per Arpent. The site is found some 100m from Terre Rouge-Verdun-Trianon Link Road and is 400m from Ebene Cybercity where exist a whole array of services and facilities such as markets, supermarkets, schools, restaurants, offices, banks, etc. It lies within the Growth Zone as per the Outlines Schemes of the Municipal Council of Quatre Bornes which allows major developments such as light industrial, commercial and residential.

Based on the above descriptions, analysis and site characteristics, the open market value of the plot of land of the extent **of 25,323.00m<sup>2</sup> (6A00) was assessed by the internal survey staff** who are sworn land surveyors at **MUR 19 M per Arpent or MUR 4,500 per m<sup>2</sup>.**

As per Title Deed : 9073/41 : State Bank of Mauritius LTD acquired from London Satellite Systems LTD a plot of land of an extent of 7721.92m<sup>2</sup> (1A83ps) for MUR 57 M dated 05 Nov 2013. This acquisition is MUR 31M per Arpent.

Hermes Development Ltd is already coming with a vibrant urban development comprising commercial shopping mall, Business Parks, Located 1000m from SIFB Trianon Land which will have a direct impact in the incoming increase in the surrounding land values.

The fact that Mauritius is gearing towards high income economy for the next ten years, property prices are bound to soar. Already the construction sector has a positive growth of around 4%.

The above factors lead SIFB to believe it is a worthwhile investment which will be beneficial in the near future.

### **Madam Speaker**

Decision was taken to buy the plot of land based on searches made by internal sworn land surveyors and economic factors mentioned above.

The Board considered this acquisition as a good capital investment. The purchase consideration was paid from:

- (i) The proceeds of the compulsory acquisition by Government of the properties of SIFB at Pamplémousses and Souillac and
- (ii) Profit from sales of investments on the stock exchange.

The six acres of Land were purchased from Societe de Glasgow Ltd represented by Mr Eric Piat, through Elova Properties Ltd for the amount of Rs 115.9 m inclusive of

	Rs
Price of Land	108 million
Agency fee	1.9 million
Notary Fees	0.6 million
Registration Duty	5.4 million

This is not the first time that the SIFB is investing in properties. In the past, the SIFB bought and sold properties whereby the profit realised indicated good investment policy. Some examples are:

Madame Speaker

Given that Government has already set up a fact Finding Committee and the purchase of this plot of Land has raised queries in different quarters, after consultation with the Prime Minister I am widening the scope of the terms of reference of the Fact Finding Committee.

